



Mount Gibson Iron Limited

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QUARTERLY REPORT FOR THE PERIOD ENDING

30 June 2005

HIGHLIGHTS

Talling Peak Iron (Hematite) Mine

- Production rate increased to 2.0 Mtpa for the quarter.
- Shipments of 415,000 tonnes.
- 71.5% price increase for lump and fines ore from 1 April 2005.

Extension Hill (Mt Gibson) Magnetite

- Mount Gibson Iron Limited increased shareholding in Asia Iron Holdings Limited ("Asia Iron") to 63%.
- Asia Iron entered into a Participation Agreement with Shougang Holding (Hong Kong) Limited, a wholly owned subsidiary of the Beijing based Shougang Group which is China's fourth largest steelmaker, to jointly develop a 5.0Mtpa mine at Extension Hill. (Full details are set in the ASX announcement dated 23 June 2005)
- Asia Iron will develop and operate a 2.5Mtpa pellet plant at Longtan near Nanjing.

Corporate

- Final \$0.45 million of Convertible Note liability converted to equity.
- \$36.5 million cash on hand at end of the quarter.
- Unaudited Net profit after tax of \$23.6 million for year ended 30 June 2005 (no tax payable). (Refer ASX announcement dated 27 July 2005)

HEMATITE PROJECTS - TALLERING PEAK OPERATIONS

Mining operations at Talling Peak produced 480,000 tonnes of iron ore for the quarter (March Qtr: 549,000 tonnes). Unseasonably high rainfall during the quarter resulted in delays to mining activities. Stockpiled material was used to supplement crusher feed during these periods. Pre production development of the T3 open pit continued during the quarter as this pit takes over as the main ore source in Q2 2005/06.

The Company shipped 415,000 tonnes of iron ore during the quarter. To achieve this shipping schedule, Mount Gibson Iron was required to incur additional trucking and handling expenses (above normal raiing costs). Congestion at the Port of Geraldton in June resulted in two scheduled shipments being delayed to July 2005.

To ensure production can increase to 3.0Mtpa by January 2006, Mount Gibson Iron has negotiated the purchase of additional rail wagons from China. The wagons are scheduled to be delivered to the Port of Geraldton in January 2006.

The Company has benefited from the 71.5% price increase applicable from 1 April 2005 which increased the price of lump iron ore (63.5% Fe) to A\$64/dmt and iron ore fines (61.5% Fe) to A\$49/dmt (based on a US\$0.78 exchange rate).

		SEPT QTR 2004 000's	DEC QTR 2004 000's	MARCH QTR 2005 000's	JUNE QTR 2005 000's	YTD 2004/05 000's
Mining						
Waste Mined	bcm	999	1,051	936	810	3,796
Ore Mined	wmt	436	470	549	480	1,935
Crushing						
Lump	wmt	259	305	296	405	1,265
Fines	wmt	174	174	157	183	688
Total		433	479	453	588	1,953
Transport to Mullewa Railhead						
Lump	wmt	209	333	247	348	1,137
Fines	wmt	164	142	102	128	536
Total		373	475	349	476	1,673
Transport to Geraldton Port						
Lump	wmt	203	300	343	368	1,214
Fines	wmt	186	189	135	153	663
Total		389	489	478	521	1,877
Shipping						
Lump	wmt	221	292	379	281	1,173
Fines	wmt	246	177	130	140	693
Total		467	469	509	421	1,866
Shipping						
Lump	dmt	218	245	375	278	1,116
Fines	dmt	239	218	128	137	722
Total		457	463	503	415	1,838

MAGNETITE PROJECTS

ASIA IRON HOLDINGS LIMITED

Mount Gibson Iron currently owns 63% of the issued capital in Asia Iron.

On 23 June 2005 Asia Iron entered into a Participation Agreement with Shougang Holding (Hong Kong) Limited, a wholly owned subsidiary of the Beijing based Shougang Group which is China's fourth largest steelmaker, to jointly develop a 5.0Mtpa mine at Extension Hill. (Full details are set in the ASX announcement dated 23 June 2005).

EXPLORATION

Exploration expenditure of \$3.4 million was incurred on further evaluation and exploration of the Mt Gibson magnetite and hematite deposits. The majority of this expenditure (\$3.2 million) was incurred on conducting the feasibility study for Asia Iron at their cost.

CORPORATE

EXERCISE OF OPTIONS

During the quarter, 213,200 options were exercised which realised \$46,904 of cash for the Company.

CONVERTIBLE NOTES

During the quarter, the remaining \$450,000 convertible notes were converted to ordinary shares.